CONTRA COSTA LOCAL AGENCY FORMATION COMMISSION
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June 12, 2019
Agenda Item 12

June 12, 2019

Contra Costa Local Agency Formation Commission
651 Pine Street, Sixth Floor
Martinez, CA 94553

Legislative Report - Update and Position Letters

Dear Members of the Commission:

This year marks the first year of a two-year legislative session in Sacramento. Presently, CALAFCO is sponsoring two bills: ***AB 1822***, the **annual omnibus bill** (*Assembly Local Government Committee*) which includes seven items (***AB 1822***), and ***AB 1253*** (*Rivas*) which would establish one-time grant funding for LAFCOs to prepare reorganization studies in conjunction with the 2017 Little Hoover Commission report relating to special districts. ***AB 1253*** also changes the protest threshold for LAFCO initiated actions, exclusive to actions funded pursuant to this bill. The focus of this bill is service providers serving disadvantaged communities. The fiscal request is $1.5 million over five years. Last year, the Governor vetoed this bill as funding was not included in the budget. This year, CALAFCO will attempt to secure funding in the May Revise Budget so there is no General Fund appropriation, which was the reason for Governor Brown's veto last year.

CALAFCO will also embark on a two-year process with other state associations to rewrite the protest provisions.

In addition, CALAFCO is tracking a number of bills that have direct and indirect impact on LAFCOs (see Attachment 1 – CALAFCO Legislative Report).

On April 16th, CALAFCO issued an urgent call for legislative action requesting that each LAFCO send position letters for the following bills which will impact LAFCOs. In addition, on May 7, CALAFCO issued a second request for opposition to AB 600 "as amended."

AB 600 (*Chu*) – this bill creates a requirement for all cities, counties and certain special districts to develop an accessibility plan if they have disadvantaged unincorporated communities (DUCs) identified in the land use element of the respective city or county. The accessibility plan is intended to be a plan for services to get those DUCs drinking water, wastewater and fire services. The bill lacks clarity, imposes unfunded mandates, proposes to remove some of LAFCO's authority and

discretion relating to annexations and out of agency service, and would require LAFCO action that conflicts with other proposed changes for which there is no existing authority. For these and other reasons, CALAFCO, a number of individual LAFCO's, as well as other state associations, oppose the bill (see Attachments 2 and 3 – Contra Costa LAFCO letters of opposition).

AB 818 (*Cooley*) – this bill, sponsored by the League of California Cities, reinstates ERAF funding for cities incorporating after 2018. This is the same bill as AB 2491 from 2018 (see Attachment 4 – LAFCO letter of support).

AB 1822 (CALAFCO Sponsored Omnibus Bill) – This is CALAFCO's annual omnibus bill which makes technical, non-substantive changes to the CKH which governs the work of LAFCOs. These changes are necessary as LAFCOs implement the CKH and small inconsistencies are found or clarifications are needed to make the law as unambiguous as possible (see Attachment 5 – LAFCO letter of support).

Contra Costa LAFCO's legislative policy provides our LAFCO with flexibility to respond to urgent legislation that affects LAFCO. Specifically, the policy provides that in "*situations when proposed legislation affecting LAFCO cannot be considered by the full Commission due to timing, the Executive Officer, in consultation with the LAFCO Chair (or Vice Chair in the absence of the Chair), is authorized to provide written or email comments communicating the Commission's position if the position is consistent with the adopted legislative policies of the Commission. The Chair or Vice Chair would review the letter or email prior to it being submitted. The Executive Officer will forward the email or letter to the Commission as soon as possible. The item will be placed on the next regular LAFCO meeting agenda as either "informational" or for discussion purposes."*

In response to CALAFCO's request, and in accordance with the Commission's policy, position letters for the above referenced bills were sent on April 18, 2019.

RECOMMENDATION – Receive legislative update.

Sincerely,

LOU ANN TEXEIRA
EXECUTIVE OFFICER

Attachment 1 - CALAFCO Legislative Update – June 5, 2019
Attachment 2 - Letter of Opposition - AB 600
Attachment 3 – Letter of Opposition - AB 600 as Amended
Attachment 4 - Letter of Support – AB 818
Attachment 5 – Letter of Support – AB 1822

Attachment 1

CALAFCO Daily Legislative Report as of Wednesday, June 05, 2019

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AB 508 **(Chu D) Drinking water: consolidation and extension of service: domestic wells.**
Current Text: Amended: 5/6/2019 html pdf
Introduced: 2/13/2019
Last Amended: 5/6/2019
Status: 5/24/2019-In Senate. Read first time. To Com. on RLS. for assignment.

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Summary:
The California Safe Drinking Water Act requires the State Water Resources Control Board, before ordering consolidation or extension of service, to, among other things, make a finding that consolidation of the receiving water system and subsumed water system or extension of service to the subsumed water system is appropriate and technically and economically feasible. This bill would modify the provision that authorizes consolidation or extension of service if a disadvantaged community is reliant on a domestic well described above to instead authorize consolidation or extension of service if a disadvantaged community, in whole or in part, is reliant on domestic wells that consistently fail to provide an adequate supply of safe drinking water.

Position: Watch
Subject: Disadvantaged Communities, Water
CALAFCO Comments: This bill allows the SWRCB to order an extension of service in the case a disadvantaged community has at least one residence that are reliant on a domestic well that fails to provide safe drinking water. It allows members of the disadvantaged community to petition the SWRCB to initiate the process. It allows the owner of the property to opt out of the extension.The bill also places limitations on fees, charges and terms and conditions imposed as a result of the extension of service. Finally, the extension of service does not require annexation in the cases where that would be appropriate.

AB 600 **(Chu D) Local government: organization: disadvantaged unincorporated communities.**
Current Text: Amended: 4/29/2019 html pdf
Introduced: 2/14/2019
Last Amended: 4/29/2019
Status: 5/22/2019-Referred to Com. on GOV. & F.

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Summary:
Under current law, an application to annex a contiguous disadvantaged community is not required if, among other things, a local agency formation commission finds that a majority of the registered voters within the disadvantaged unincorporated community are opposed to the annexation, as specified. This bill would additionally provide that an application to annex a contiguous disadvantaged community is not required if the commission finds that a majority of the registered voters within the affected disadvantaged unincorporated community would prefer to address the service deficiencies through an extraterritorial service extension.
Attachments:
CALAFCO Oppose letter_05_07_19
LAFCo Oppose letter template_05_07_19
CALAFCO Oppose Letter REV_April 19, 2019
LAFCo Oppose letter template REVISED
CALAFCO Oppose Letter_April 16, 2019
LAFCo Oppose letter template

Position: Oppose
Subject: Disadvantaged Communities, Water
CALAFCO Comments: As amended on April 29, the bill still has a number of issues. The bill

still allows for an extension of service in lieu of annexation.

The bill adds (8)(C) to Government Code Section 56375. As written, this section creates confusion and contradicts §56375(8)(A). It appears the intention is to prohibit LAFCo from approving the annexation of two or more contiguous disadvantaged communities within five years that are individually less than ten acres but cumulatively more than ten acres. If so, then this language conflicts with §56375(8)(A), which allows for commission policies to guide the commission in determining the size of the area to be annexed. Further, the term "paragraph" as used in this section creates uncertainty as to what section or subsection is actually being addressed.

The bill does nothing to address the engineering and financial issues that must be solved in order to ensure sustainable service. Further it does not allow for local circumstances and conditions to be considered by offering a "one size fits all" approach.

AB 1253 (Rivas, Robert D) Local agency formation commissions: grant program.

Current Text: Introduced: 2/21/2019 html pdf

Introduced: 2/21/2019

Status: 5/24/2019-In Senate. Read first time. To Com. on RLS. for assignment.

Desk	Policy	Fiscal	Floor	Desk	**Policy**	**Fiscal**	**Floor**	**Conf.**	**Enrolled**	**Vetoed**	**Chaptered**
1st House				2nd House				**Conc.**			

Summary:

This bill would require the Strategic Growth Council, until July 31, 2025, to establish and administer a local agency formation commissions grant program for the payment of costs associated with initiating and completing the dissolution of districts listed as inactive, the payment of costs associated with a study of the services provided within a county by a public agency to a disadvantaged community, as defined, and for other specified purposes, including the initiation of an action, as defined, that is limited to service providers serving a disadvantaged community and is based on determinations found in the study, as approved by the commission. The bill would specify application submission, reimbursement, and reporting requirements for a local agency formation commission to receive grants pursuant to the bill. The bill would require the council, after consulting with the California Association of Local Agency Formation Commissions, to develop and adopt guidelines, timelines, and application and reporting criteria for development and implementation of the program, as specified, and would exempt these guidelines, timelines, and criteria from the rulemaking provisions of the Administrative Procedure Act. The bill would make the grant program subject to an appropriation for the program in the annual Budget Act, and would repeal these provisions on January 1, 2026. This bill contains other existing laws.

Attachments:

LAFCo Support Letter Template

CALAFCO Support letter Feb 2016

Position: Sponsor

Subject: Disadvantaged Communities, LAFCo Administration, Municipal Services, Special District Consolidations

CALAFCO Comments: This is a CALAFCO sponsored bill following up on the recommendation of the Little Hoover Commission report of 2017 for the Legislature to provide LAFCos one-time grant funding for in-depth studies of potential reorganization of local service providers. Last year, the Governor vetoed AB 2258 - this is the same bill. The Strategic Growth Council (SGC) will administer the grant program. Grant funds will be used specifically for conducting special studies to identify and support opportunities to create greater efficiencies in the provision of municipal services; to potentially initiate actions based on those studies that remove or reduce local costs thus incentivizing local agencies to work with the LAFCo in developing and implementing reorganization plans; and the dissolution of inactive districts (pursuant to SB 448, Wieckowksi, 2017). The grant program would sunset on July 31, 2024.

The bill also changes the protest threshold for LAFCo initiated actions, solely for the purposes of actions funded pursuant to this new section. It allows LAFCo to order the dissolution of a district (outside of the ones identified by the SCO) pursuant to Section 11221 of the Elections code, which is a tiered approach based on registered voters int he affected territory (from 30% down to 10% depending).

The focus is on service providers serving disadvantaged communities. The bill also requires LAFCo pay back grant funds in their entirety if the study is not completed within two years and requires the SGC to give preference to LAFCOs whose decisions have been aligned with the goals of sustainable communities strategies.

The fiscal request is $1.5 million over 5 years. CALAFCO is attempting to get this in the May revise budget so there is no General Fund appropriation (the reason Gov. Brown vetoed the bill).

AB 1389 (Eggman D) Special districts: change of organization: mitigation of revenue loss.

Current Text: Introduced: 2/22/2019 html pdf

Introduced: 2/22/2019

Status: 5/3/2019-Failed Deadline pursuant to Rule 61(a)(3). (Last location was L. GOV. on 3/14/2019)(May be acted upon Jan 2020)

Desk	2 year	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Summary:

Would authorize the commission to propose, as part of the review and approval of a proposal for the establishment of new or different functions or class of services, or the divestiture of the power to provide particular functions or class of services, within all or part of the jurisdictional boundaries of a special district, that the special district, to mitigate any loss of property taxes, franchise fees, and other revenues to any other affected local agency, provide payments to the affected local agency from the revenue derived from the proposed exercise of new or different functions or classes of service.

Position: Watch

Subject: CKH General Procedures

CALAFCO Comments: This bill allows LAFCo, when approving a proposal for new or different functions or class of service for a special district, to propose the district provide payments to any affected local agency for taxes, fees or any other revenue that may have been lost as a result of the new service being provided.

AB 1751 (Chiu D) Water and sewer system corporations: consolidation of service.

Current Text: Amended: 5/1/2019 html pdf

Introduced: 2/22/2019

Last Amended: 5/1/2019

Status: 5/24/2019-In Senate. Read first time. To Com. on RLS. for assignment.

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Summary:

Current law authorizes the State Water Resources Control Board to order consolidation of public water systems where a public water system or state small water system serving a disadvantaged community consistently fails to provide an adequate supply of safe drinking water, as provided. This bill, the Consolidation for Safe Drinking Water Act of 2019, would authorize a water or sewer system corporation to file an application and obtain approval from the commission through an order authorizing consolidation with a public water system or state small water system, or to implement rates for the subsumed water system.

Position: Watch

Subject: Water

CALAFCO Comments: This bill allows for water (public or state small) or sewer systems corps to file an application for consolidation with the SWRCB.

AB 1822 (Committee on Local Government) Local Government: omnibus.

Current Text: Amended: 4/8/2019 html pdf

Introduced: 3/11/2019

Last Amended: 4/8/2019

Status: 5/22/2019-Referred to Com. on GOV. & F.

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Calendar:

6/5/2019 9:30 a.m. - Room 112 SENATE GOVERNANCE AND FINANCE, MCGUIRE, Chair
Summary:
Currrent law requires a commission to develop and determine the sphere of influence of each city and each special district within the county and enact policies designed to promote the logical and orderly development of areas within each sphere. Current law requires the commission, in order to prepare and update spheres of influence in accordance with this requirement, to conduct a service review of the municipal services provided in the county or other appropriate area designated by the commission, as specified. Current law defines "sphere of influence" to mean a plan for the probable physical boundaries and service area of a local agency. Current law defines the term "service" for purposes of the act to mean a specific governmental activity established within, and as a part of, a general function of the special district, as specified. This bill would revise the definition of the term "service" for these purposes to mean a specific governmental activity established within, and as a part of, a function of the local agency.
Attachments:
CALAFCO Support letter_April 16, 2019
LAFCo Support letter template

Position: Sponsor
Subject: LAFCo Administration
CALAFCO Comments: This is the annual Omnibus bill.

SB 272 **(Morrell R) Fire Protection District Law of 1987.**
Current Text: Amended: 4/4/2019 html pdf
Introduced: 2/13/2019
Last Amended: 4/4/2019
Status: 5/3/2019-Failed Deadline pursuant to Rule 61(a)(3). (Last location was GOV. & F. on 2/21/2019)(May be acted upon Jan 2020)

Desk	2 year	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf.	Enrolled	Vetoed	Chaptered
1st House				2nd House				Conc.			

Summary:
The Fire Protection District Law of 1987 provides that whenever a district board determines that it is in the public interest to provide different services, to provide different levels of service, or to raise additional revenues within specific areas of the district, it may form one or more service zones by adopting a resolution that includes specified information, fixing the date, time, and place for public hearing on the formation of the zone, publishing notice, as specified, hearing and considering any protests to the formation of the zone at the hearing, and, at the conclusion of the hearing, adopting a resolution ordering the formation of the zone. If a resolution adopted after the public hearing would substantially expand the provision of services outside of an existing service zone and the extension of service would result in those persons in the expanded area paying charges for the expansion of services, this bill would provide that the resolution does not become effective unless approved by a majority of the voters within the expanded service area.

Position: Watch
CALAFCO Comments: As amended, the bill amends the Health & Safety code regarding the formation of zones within a fire protection district by requiring the district hold an election, regardless of the protest level, if the district wants to substantially expand (as defined in the bill) services outside the zone. This is unrelated to 56133. CALAFCO will retain a Watch position.

SB 414 **(Caballero D) Small System Water Authority Act of 2019.**
Current Text: Amended: 5/17/2019 html pdf
Introduced: 2/20/2019
Last Amended: 5/17/2019
Status: 5/24/2019-In Assembly. Read first time. Held at Desk.

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf.	Enrolled	Vetoed	Chaptered
1st House				2nd House				Conc.			

Summary:
Would create the Small System Water Authority Act of 2019 and state legislative findings and declarations relating to authorizing the creation of small system water authorities that will have powers to absorb, improve, and competently operate noncompliant public water systems. The bill, no later than March 1, 2020, would require the state board to provide written notice to cure

to all public agencies, private water companies, or mutual water companies that operate a public water system that has either less than 3,000 service connections or that serves less than 10,000 people, and are not in compliance, for the period from July 1, 2018, through December 31, 2019, with one or more state or federal primary drinking water standard maximum contaminant levels, as specified.

Position: Support
Subject: Water
CALAFCO Comments: This bill is very similar to AB 2050 (Caballero) from 2018. Several changes have been made. This bill is sponsored by Eastern Municipal Water District and the CA Municipal Utilities Assoc. The intent is to give the State Water Resources Control Board (SWRCB) authority to mandate the dissolution of existing drinking water systems (public, mutual and private) and authorize the formation of a new public water authority. The focus is on non contiguous systems. The SWRCB already has the authority to mandate consolidation of these systems, this will add the authority to mandate dissolution and formation of a new public agency.

LAFCo will be responsible for dissolving any state mandated public agency dissolution, and the formation of the new water authority. The SWRCB's appointed Administrator will act as the applicant on behalf of the state. LAFCo will have ability to approve with modifications the application, and the new agency will have to report to the LAFCo annually for the first 3 years.

SB 646 **(Morrell R) Local agency utility services: extension of utility services.**
Current Text: Amended: 5/7/2019 html pdf
Introduced: 2/22/2019
Last Amended: 5/7/2019
Status: 5/30/2019-Referred to Com. on L. GOV.

Desk	Policy	Fiscal	Floor	Desk	**Policy**	**Fiscal**	**Floor**	**Conf.**	**Enrolled**	**Vetoed**	**Chaptered**
1st House				2nd House				**Conc.**			

Calendar:
6/19/2019 1:30 p.m. - State Capitol, Room 447 ASSEMBLY LOCAL GOVERNMENT, AGUIAR-CURRY, Chair
Summary:
The Mitigation Fee Act, among other things, requires fees for water or sewer connections, or capacity charges imposed by a local agency to not exceed the estimated reasonable cost of providing the service for which the fee or charge is imposed, unless a question regarding the amount of the fee or charge imposed in excess of the reasonable cost of providing the service or materials is submitted to and approved by 2/3 of the electors voting on the issue. The Mitigation Fee Act defines the term "fee" for these purposes. This bill would revise the definition of "fee" to mean a fee for the physical facilities necessary to make a water connection or sewer connection, and that the estimated reasonable cost of labor and materials for installation of those facilities bears a fair or reasonable relationship to the payor's burdens on, or benefits received from, the water connection or sewer connection.

Position: Neutral
Subject: CKH General Procedures
CALAFCO Comments: UPDATE AS OF THE 4/11/19 AMENDMENTS: These amendments address all of our concerns and the bill now only addresses fees.

This bill does 3 things. (1) Seeks to add a provision to 56133 that requires LAFCo to approve an extension of service regardless of whether a future annexation is anticipated or not. It further requires the service provider to extend the provision of service to a property owner regardless of a whether there is a pending annexation or pre-annexation agreement. The newly proposed subsection directly contradicts subsection (b). (2) Changes the definition of "fee" by requiring the new few "is of proportional benefit to the person or property being charged." There is no reasonable definition or application of "proportional benefit". (3) Narrows the scope of application of Section 56133 to water or sewer service; and prohibits the service provider to charge higher fees and charges to those outside the jurisdictional boundaries.

AB 213 (Reyes D) Local government finance: property tax revenue allocations: vehicle license fee adjustments.

Current Text: Introduced: 1/15/2019 html pdf

Introduced: 1/15/2019

Status: 5/24/2019-In Senate. Read first time. To Com. on RLS. for assignment.

Desk	Policy	Fiscal	Floor	Desk	**Policy**	**Fiscal**	**Floor**	**Conf. Conc.**	**Enrolled**	**Vetoed**	**Chaptered**
1st House				2nd House							

Summary:

Would, for the 2019–20 fiscal year, require the vehicle license fee adjustment amount to be the sum of the vehicle license fee adjustment amount in the 2018–19 fiscal year, the product of that sum and the percentage change in gross taxable assessed valuation within the jurisdiction of that entity between the 2018–19 fiscal year to the 2018–19 fiscal year, and the product of the amount of specified motor vehicle license fee revenues that the Controller allocated to the applicable city in July 2010 and 1.17.

Attachments:

CALAFCO Support Letter

Position: Support

Subject: Tax Allocation

CALAFCO Comments: Sponsored by the League, this bill will reinstate ERAF funding for inhabited annexations. This bill is the same as AB 2268 (Reyes) from last year.

AB 818 (Cooley D) Local government finance: vehicle license fee adjustment amounts.

Current Text: Introduced: 2/20/2019 html pdf

Introduced: 2/20/2019

Status: 5/17/2019-Failed Deadline pursuant to Rule 61(a)(5). (Last location was APPR. SUSPENSE FILE on 4/3/2019)(May be acted upon Jan 2020)

Desk	Policy	**2 year**	**Floor**	**Desk**	**Policy**	**Fiscal**	**Floor**	**Conf. Conc.**	**Enrolled**	**Vetoed**	**Chaptered**
1st House				**2nd House**							

Summary:

Current property tax law, for the 2006–07 fiscal year, and for each fiscal year thereafter, requires the vehicle license fee adjustment amount to be the sum of the vehicle license fee adjustment amount for the prior fiscal year, if specified provisions did not apply, and the product of the amount as so described and the percentage change from the prior fiscal year in the gross taxable valuation within the jurisdiction of the entity. Current law establishes a separate vehicle license fee adjustment amount for a city that was incorporated after January 1, 2004, and on or before January 1, 2012. This bill would establish a separate vehicle license fee adjustment amount for a city incorporating after January 1, 2012, including an additional separate vehicle license fee adjustment amount for the first fiscal year of incorporation and for the next 4 fiscal years thereafter.

Attachments:

LAFCo Support letter template
CALAFCO Support March 2019

Position: Support

Subject: Financial Viability of Agencies

CALAFCO Comments: Sponsored by the League, this bill will reinstate ERAF funding for cities incorporating after 2018. This is the same bill as AB 2491 from 2018.

AB 1304 (Waldron R) Water supply contract: Native American tribes.

Current Text: Amended: 5/6/2019 html pdf

Introduced: 2/22/2019

Last Amended: 5/6/2019

Status: 5/29/2019-Referred to Com. on N.R. & W.

Desk	Policy	Fiscal	Floor	Desk	**Policy**	**Fiscal**	**Floor**	**Conf. Conc.**	**Enrolled**	**Vetoed**	**Chaptered**
1st House				2nd House							

Calendar:

6/25/2019 9:30 a.m. - Room 112 SENATE NATURAL RESOURCES AND WATER, STERN, Chair

Summary:

Current law provides for the establishment and operations of various water districts.This bill

would specifically authorize a water district, as defined, to enter into a contract with a Native American tribe to receive water deliveries from an infrastructure project on tribal lands. The bill would repeal its provisions on January 1, 2025.

Position: Watch
Subject: Municipal Services, Water
CALAFCO Comments: This bill amends the water code to allow a Native American tribe to sell/deliver water to a water district (as defined in the water code section 20200). The bill sunsets on January 1, 2025.

SB 379 **(Committee on Governance and Finance) Validations.**
Current Text: Introduced: 2/20/2019 html pdf
Introduced: 2/20/2019
Status: 5/2/2019-Referred to Com. on L. GOV.

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Calendar:
6/19/2019 1:30 p.m. - State Capitol, Room 447 ASSEMBLY LOCAL GOVERNMENT, AGUIAR-CURRY, Chair
Summary:
This bill would enact the First Validating Act of 2019, which would validate the organization, boundaries, acts, proceedings, and bonds of the state and counties, cities, and specified districts, agencies, and entities.
Attachments:
CALAFCO Support March 2019

Position: Support
Subject: LAFCo Administration
CALAFCO Comments: This is one of three annual validating acts.

SB 380 **(Committee on Governance and Finance) Validations.**
Current Text: Introduced: 2/20/2019 html pdf
Introduced: 2/20/2019
Status: 5/2/2019-Referred to Com. on L. GOV.

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Calendar:
6/19/2019 1:30 p.m. - State Capitol, Room 447 ASSEMBLY LOCAL GOVERNMENT, AGUIAR-CURRY, Chair
Summary:
This bill would enact the Second Validating Act of 2019, which would validate the organization, boundaries, acts, proceedings, and bonds of the state and counties, cities, and specified districts, agencies, and entities.
Attachments:
CALAFCO Support March 2019

Position: Support
Subject: LAFCo Administration
CALAFCO Comments: This is one of three annual validating acts.

SB 381 **(Committee on Governance and Finance) Validations.**
Current Text: Introduced: 2/20/2019 html pdf
Introduced: 2/20/2019
Status: 5/2/2019-Referred to Com. on L. GOV.

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Calendar:
6/19/2019 1:30 p.m. - State Capitol, Room 447 ASSEMBLY LOCAL GOVERNMENT, AGUIAR-CURRY, Chair
Summary:
This bill would enact the Third Validating Act of 2019, which would validate the organization,

boundaries, acts, proceedings, and bonds of the state and counties, cities, and specified districts, agencies, and entities.
Attachments:
CALAFCO Support March 2019

Position: Support
Subject: LAFCo Administration
CALAFCO Comments: This is one of three annual validating acts.

3

AB 134 **(Bloom D) Safe Drinking Water Restoration.**
Current Text: Amended: 5/20/2019 html pdf
Introduced: 12/5/2018
Last Amended: 5/20/2019
Status: 5/30/2019-In Senate. Read first time. To Com. on RLS. for assignment.

Desk	Policy	Fiscal	Floor	Desk	**Policy**	**Fiscal**	**Floor**	**Conf. Conc.**	**Enrolled**	**Vetoed**	**Chaptered**
1st House				2nd House							

Summary:
Would require the State Water Resources Control Board to report to the Legislature by July 1, 2025, on its progress in restoring safe drinking water to all California communities and to create an internet website that provides data transparency for all of the board's activities described in this measure. The bill would require the board to develop metrics to measure the efficacy of the fund in ensuring safe and affordable drinking water for all Californians.

Position: Watch
Subject: Water

AB 530 **(Aguiar-Curry D) The Fairfield-Suisun Sewer District.**
Current Text: Amended: 4/22/2019 html pdf
Introduced: 2/13/2019
Last Amended: 4/22/2019
Status: 5/8/2019-Referred to Com. on GOV. & F.

Desk	Policy	Fiscal	Floor	Desk	**Policy**	**Fiscal**	**Floor**	**Conf. Conc.**	**Enrolled**	**Vetoed**	**Chaptered**
1st House				2nd House							

Summary:
The Fairfield-Suisun Sewer District Act creates the Fairfield-Suisun Sewer District and grants to the district various powers relating to the treatment and disposal of sewage. The current act provides for the election of a board of directors for the district and administrative procedures for the operation of the district. Violation of regulations adopted by the board is a misdemeanor. This bill would make various administrative changes to the act, including removing the requirement that the district appoint a clerk and changing the posting requirements for regulations.

Position: Watch
Subject: Special District Powers, Special Districts Governance
CALAFCO Comments: This bill makes administrative changes to this special act district. It also allows for an extension of service pursuant to 56133 (keeping that LAFCo process intact).

AB 1053 **(Dahle R) Fallen Leaf Lake Community Service District.**
Current Text: Amended: 3/25/2019 html pdf
Introduced: 2/21/2019
Last Amended: 3/25/2019
Status: 5/22/2019-Referred to Com. on GOV. & F.

Desk	Policy	Fiscal	Floor	Desk	**Policy**	**Fiscal**	**Floor**	**Conf. Conc.**	**Enrolled**	**Vetoed**	**Chaptered**
1st House				2nd House							

Summary:
Would prohibit, on and after January 1, 2020, the Fallen Leaf Lake Community Services District from providing any services or facilities except fire protection, including medical response and emergency services, and parks and recreation services or facilities.

Position: Watch
CALAFCO Comments: CALAFCO will watch this bill to determine if the outcome of the State Audit on this district will have an impact on all CSDs.

AB 1457 (Reyes D) Omnitrans Transit District.
Current Text: Amended: 5/24/2019 html pdf
Introduced: 2/22/2019
Last Amended: 5/24/2019
Status: 5/29/2019-In Senate. Read first time. To Com. on RLS. for assignment.

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf.	Enrolled	Vetoed	Chaptered
1st House				2nd House				Conc.			

Summary:
Would create the Omnitrans Transit District in the County of San Bernardino. The bill would provide that the jurisdiction of the district would initially include the Cities of Chino, Chino Hills, Colton, Fontana, Grand Terrace, Highland, Loma Linda, Montclair, Ontario, Rancho Cucamonga, Redlands, Rialto, San Bernardino, Upland, and Yucaipa, and specified portions of the unincorporated areas of the County of San Bernardino. The bill would authorize other cities in the County of San Bernardino to subsequently join the district.
Attachments:
CALAFCO Oppose unless amended letter_April 2019

Position: Neutral
CALAFCO Comments: This is a special act district formation. The bill takes what is currently a JPA and transforms it into a special district. CALAFCO has been working with the author and sponsor on amendments and the May 24 version addresses the vast majority of concerns. CALAFCO continues to work with the author and sponsor on minor technical amendments which are supposed to be taken in the Senate Governance & Finance Committee.

SB 654 (Moorlach R) Local government: planning.
Current Text: Introduced: 2/22/2019 html pdf
Introduced: 2/22/2019
Status: 3/14/2019-Referred to Com. on RLS.

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf.	Enrolled	Vetoed	Chaptered
1st House				2nd House				Conc.			

Summary:
Current law, the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000, makes certain findings and declarations relating to local government organizations, including, among other things, the encouragement of orderly growth and development, and the logical formation and modification of the boundaries of local agencies, as specified. This bill would make nonsubstantive changes to these findings and declarations.

Position: Watch
CALAFCO Comments: This is a spot bill. The author indicates he has no plans to use this for LAFCo law.

SB 780 (Committee on Governance and Finance) Local Government Omnibus Act of 2019.
Current Text: Amended: 4/11/2019 html pdf
Introduced: 2/28/2019
Last Amended: 4/11/2019
Status: 5/30/2019-Referred to Com. on L. GOV.

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf.	Enrolled	Vetoed	Chaptered
1st House				2nd House				Conc.			

Summary:
Current law requires the governing body of a public agency, within 70 days after the commencement of the agency's legal existence, to file with the Secretary of State, on a form prescribed by the secretary, and also with the county clerk of each county in which the public agency maintains an office, a specified statement of facts about the agency. Current law requires this information to be updated within 10 days of a change in it. Current law requires the Secretary of State and each county clerk to establish and maintain an indexed Roster of Public Agencies that contains this information. This bill would instead require the Secretary of State

and each county clerk to establish and maintain an indexed Registry of Public Agencies containing the above-described information.

Position: Watch
CALAFCO Comments: This is the Senate Governance & Finance Committee's annual Omnibus bill.

Total Measures: 21
Total Tracking Forms: 21

6/5/2019 8:52:54 AM

CONTRA COSTA LOCAL AGENCY FORMATION COMMISSION
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April 18, 2019

The Honorable Kansen Chu
California State Assembly
State Capital Room 3126
Sacramento, CA 95814

Subject: *Oppose AB 600* (as amended April 11, 2019)

Dear Assembly Member Chu:

The Contra Costa Local Agency Formation Commission (LAFCO) joins the California Association of Local Agency Formation Commissions (CALAFCO) to oppose ***AB 600***. LAFCOs are aware of and concerned with the disparity of local public services, especially for residents and properties located within disadvantaged unincorporated communities (DUCs). All Californians deserve adequate and safe drinking water and wastewater facilities. We support your efforts to address these problems, which persist in many counties; however ***AB 600*** in its current version does not represent a collective stakeholder dialogue with reasonable and systemic solutions to the problem.

Annexations concerns. Changes proposed to Government Code §56375 pose several problems. First, the proposed changes in §56375(a)(8)(A) and (B) seem to confuse the annexation of territory into an incorporated city and the annexation of territory into a special district. When the Legislature created LAFCOs in 1963, one of LAFCOs' primary missions was and still is to ensure orderly growth and development. This is done in a variety of ways including the authority to adopt spheres of influence (SOIs) for local agencies and approve annexations. To ensure orderly growth, when the LAFCO approves a service extension outside the jurisdictional boundary but within the SOI, they do so in anticipation of a later change of organization (i.e., annexation), pursuant to §56133(b). Changes to §56375(a)(8)(A) add the exclusion of annexation into a qualified special district.

Further, changes to §56375(a)(8)(B) create an inconsistent exception for protest proceedings which removes rights that have long been established in governmental reorganizations in California. The residents of the DUC are afforded the right to file protests for boundary changes but other residents living within a larger annexation boundary that are not part of the DUC would lose their right to protest.

Removes LAFCO discretion. When considering a change of organization pursuant to §56133, LAFCO has the discretion to consider unique local circumstances and conditions. This is an important and basic construct within the legislatively stated purpose of LAFCOs. AB 600 would remove that discretion and authority through proposed changes to §56375(a)(9), §56425(k)(1) and (2), and §56425(l).

Lack of clarity. The bill proposes changes to §56301 by adding "considerations of equity" as an additional basis upon which LAFCOs fulfill their purposes. Yet the bill does not define "considerations of equity", which leads to broad and varying interpretation. Each LAFCO will need create their own local policies related to "considerations of equity".

Accessibility plans. AB 600 would require LAFCO, within five years of the approval of an accessibility plan (pursuant to §56440), to hold a noticed public hearing for the purposes of reviewing the status of every DUC that is subject to an accessibility plan. This has the potential of requiring vast number of public hearings and comprehensive reviews without the resources to implement such a requirement.

Additionally, the bill requires LAFCO to initiate a change of organization, reorganization or service extension should the commission determine that the needs of the DUC remain unaddressed. LAFCO-initiated actions are costly to the LAFCO (as there is no funding source to support the action) and like all other changes of organization or reorganization, are subject to protest proceedings. Further, a service extension without annexation would not be a likely LAFCO-initiated action.

The required contents of the accessibility plan are confusing. First, §56440(a)(5)(A) states: *"Any actions and alternatives necessary to be taken by the commission, if any, to enable the entity determined pursuant to paragraph (2) to provide services to the affected territory."* How is a county, city or special district best positioned and informed to prescribe to the LAFCO commission what actions the LAFCO should be taking?

Second, §56440(a)(6)(B) requires the commission to approve or approve with conditions the accessibility plan. Once again there is a divestiture in LAFCO authority. Further, we fail to see LAFCOs' authority to enforce any conditions that may be applied to the accessibility plan.

Third, §56440(a)(2) requires the commission to determine which entity is best positioned to provide adequate water or wastewater services to the affected territory. Without a thorough study of surrounding service providers, this may be difficult to determine.

One size does not fit all. We are concerned that the bill has unintended consequences in the ability to provide necessary services to an existing DUC. For example, if it is reasonable to extend services to a specific DUC but not to others, this bill prevents the extension of services to the area that can reasonably be serviced. The same is true for those areas currently contained within a city's SOI, where it may be more logical for another service provider to extend the needed service. These changes are complicated by the fact the bill interchangeably uses the term "disadvantaged community" and "disadvantaged unincorporated community".

Creates a significant unfunded mandate to LAFCO and local agencies. The studies, analyses, preparation of recommendations regarding underserved disadvantaged communities and public hearings on all accessibility plans and potential subsequent actions initiated by LAFCO that would be required, all impose unfunded mandates on counties, cities, qualified special districts and LAFCOs. By law LAFCO is forced to pass their costs on to cities, counties – and in 30 counties – special districts, which fund the commissions.

We support workable and sustainable policy solutions to the disparities in service delivery to disadvantaged communities. However, a major obstacle remains the infrastructure and operational funding for these services. We believe that addressing the needs of disadvantaged communities through the planning process and finding tools to support the infrastructure deficiencies and implementation actions remain a very important part of the solution.

For all the reasons noted above, Contra Costa LAFCO is opposed to ***AB 600***. Please contact us should you have any questions.

Sincerely,

Tom Butt, Chair
Contra Costa LAFCO

c: Members, Assembly Local Government Committee
Jimmy MacDonald, Consultant, Assembly Local Government Committee
William Weber, Consultant, Assembly Republican Caucus
Pamela Miller, Executive Director, CALAFCO

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May 7, 2019

The Honorable Kansen Chu
California State Assembly
State Capital Room 3126
Sacramento, CA 95814

Subject: *Oppose AB 600* (as amended April 29, 2019)

Dear Assembly Member Chu:

The Contra Costa Local Agency Formation Commissions (LAFCO) joins the California Association of Local Agency Formation Commissions (CALAFCO) to remain opposed to your bill, ***Assembly Bill 600***. LAFCOs are aware of and concerned about the disparity of local public services, especially for residents and properties located within disadvantaged unincorporated communities (DUCs). All Californians deserve adequate and safe drinking water and wastewater facilities. CALAFCO supports your efforts to address these problems, which persist in many counties, however ***AB 600*** in its current version does not represent a collective stakeholder dialogue with reasonable and systemic solutions to the problem.

The bill allows for an extension of service in lieu of annexation and we remain greatly concerned about extension of service without annexation. One of the primary statutory purposes of LAFCO is to ensure orderly growth. Extending services on an individual basis or by service type without annexation only serves to undermine the very purpose of jurisdictional boundaries and sphere of influence plans and conflicts with existing statute, Government Code Section 56133(b).

Another of LAFCOs' statutory purposes is to ensure the effective and efficient provision of municipal services. Ultimately, the annexation of a DUC does not ensure they will receive adequate, safe drinking water. The reality is there are engineering and financial issues that must be solved in order to ensure service and this bill does not address those ongoing issues. We want to ensure that local circumstances and conditions are taken into consideration and this bill offers a "one size fits all" approach that may not be effective in many instances.

The bill adds (8)(C) to Government Code Section 56375. As written, this section creates confusion and contradicts §56375(8)(A). We believe the intention is to prohibit LAFCO from approving the annexation of two or more contiguous disadvantaged communities within five years that are

individually less than 10 acres but cumulatively more than 10 acres. If so, then this language conflicts with §56375(8)(A), which allows for commission policies to guide the commission in determining the size of the area to be annexed. Further, the term "paragraph" as used in this section creates uncertainty as to what section or subsection is actually being addressed.

We support workable and sustainable policy solutions to the disparities in service delivery to disadvantaged communities. However, a major obstacle remains the infrastructure and operational funding for these services. We believe that addressing the needs of disadvantaged communities through the planning process and finding tools to support the infrastructure deficiencies and implementation actions remain a very important part of the solution.

For all the reasons noted above, the Contra Costa LAFCO remains opposed to ***AB 600***. Please contact me should you have any questions.

Sincerely,

Tom Butt, Chair
Contra Costa LAFCO

c: Jimmy MacDonald, Consultant, Assembly Local Government Committee
William Weber, Consultant, Assembly Republican Caucus
Pamela Miller, Executive Director, CALAFCO

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April 18, 2019

Assembly Member Ken Cooley
California State Assembly
State Capital Room 3013
Sacramento, CA 95814

Subject: Support of AB 818

Dear Assembly Member Cooley:

The Contra Costa Local Agency Formation Commission (LAFCO) is pleased to support ***Assembly Bill (AB) 818***, which would assist the fiscal viability of future city incorporations that meet all other state requirements.

The VLF gap created by SB 89, one of the 2011 budget bills, created a financial disincentive for future city incorporations and annexations of inhabited territory. For the past seven years, no new cities have formed. Given the growing population in our state and the need for orderly growth and adequate municipal services, this policy issue needs to be addressed.

AB 818 by no means guarantees that a community wishing to incorporate will become a city. In order to incorporate, local communities must overcome many hurdles, including compliance with state LAFCO policies, negotiations with counties, and ultimately a public vote. This bill simply gives communities considering incorporation the same opportunity to incorporate afforded to other California cities before them.

In 2017, the Legislature addressed the financial harm caused by SB 89 (2011) to four recently incorporated cities via the passage of SB 130 (Budget). SB 130 provides the legislature a template to address the fiscal viability of future incorporations. ***AB 818*** adopts the template provided by SB 130 and extends the fix to future incorporations. The state budget conditions have vastly improved since 2011 and the fiscal challenges of the four most recently incorporated cities have finally been addressed with the passage of SB 130. ***AB 818*** provides the same option for any future incorporations.

There are several unincorporated communities in Contra Costa County that could benefit from incorporation. However, under the current funding structure, ae precluded from doing so.

Reinstating revenues for incorporations is consistent with policies of providing communities with local governance and efficient service delivery options, including the ability to incorporate. The inability to do so creates a tremendous detriment to the creation of logical development boundaries and to the prevention of urban sprawl. Because ***AB 818*** reinstates a critical funding component to future cities incorporating, Contra Costa LAFCO supports this bill.

Please do not hesitate to contact me with any questions you may have on our position.

Sincerely,

Tom Butt, Chair
Contra Costa LAFCO

c: Pamela Miller, Executive Director, CALAFCO

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April 18, 2019

Honorable Cecilia Aguiar-Curry, Chair
Assembly Local Government Committee
California State Assembly
State Capitol, Room 5144
Sacramento, CA 95814

RE: SUPPORT - AB 1822: Local Government Committee Omnibus Bill (as amended April 8, 2019)

Dear Chair Aguiar-Curry:

The Contra Costa Local Agency Formation Commission (LAFCO) is pleased to support the Assembly Local Government Committee bill ***AB 1822*** (amended April 8, 2019) which makes technical, non-substantive changes to the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 ("Act").

This annual bill includes technical changes to the Act which governs the work of LAFCOs. These changes are necessary as Commissions implement the Act and small inconsistencies are found or clarifications are needed to make the law as unambiguous as possible. ***AB 1822*** currently makes minor technical corrections to language used in the Act. The Contra Costa LAFCO is grateful to your Committee, staff and CALAFCO, all of whom worked diligently on this language to ensure there are no substantive changes while creating a significant increase in the clarity of the Act for all stakeholders.

This legislation helps insure the Cortese-Knox-Hertzberg Act remains a vital and practical law that is consistently applied around the state. We appreciate your Committee's authorship and support of this bill, and your support of the mission of LAFCOs.

Sincerely,

Tom Butt, Chair
Contra Costa LAFCO

cc: Members, Assembly Local Government Committee
Jimmy MacDonald, Consultant, Assembly Local Government Committee
William Weber, Consultant, Assembly Republican Caucus
Pamela Miller, Executive Director, CALAFCO